
STATE SCHOOL AID UPDATE

Michigan Department of Education

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EXECUTIVE BUDGET RECOMMENDATION FOR 2006-2007

On February 9, 2006, Governor Granholm presented her executive budget recommendations for 2006-2007 (FY 2007). The following are some highlights of the provisions of the K-12 budget proposal.

- C The **minimum** foundation allowance in FY 2007 would be \$7,075.00, an increase of \$200 above the current FY 2006 \$6,875 foundation minimum.
 - C The executive recommendation allocates \$41.5 million for a new Section 22e that would provide **for FY 2006 only** an additional \$25 per pupil. This payment would be based on the FY 2006 blended membership.
 - C The FY 2007 **membership definition** in Section 6(4) would remain at 75% of the current year September count plus 25% of the prior year February count. The three-year average blending language for certain eligible districts is retained in Section 6(4)(y).
 - C The executive recommendation for FY 2007 would allocate \$50 million in a new Section 29 for districts that are not eligible for the three-year average membership blend under Section 6(4)(y) or for funding under Section 22d and have had two consecutive years of membership decline. The payments would be based on the difference between a three-year average and the actual membership. This categorical would affect approximately 240 districts. These funds would likely be prorated as the statewide eligibility under the funding formula is projected to be approximately \$195 million.
 - C **At-risk pupil funding** (Section 31a) would increase by \$5.2 million to \$319.4 million to cover the state share of **health and vision screenings** as described in the public health code. As in FY 2006, a portion of at-risk funding would continue to be earmarked for **school-based health clinics**.
 - C **Great Start School Readiness** funding (Section 32d) would increase by \$28.8 million to \$101.6 million.
 - C **Great Parents Great Start** (Section 32j) would increase by \$6.7 million to \$10 million.
 - C The executive recommendation includes a new Section 34 that would allocate \$10 million for competitive grants to districts for **Mathematics and Reading programs for pupils in grades K - 3**. These programs would be designed to prepare pupils to achieve adequate yearly progress as defined in the No Child Left Behind Act.
 - The executive recommendation includes a new Section 35 that would allocate \$15 million for competitive grants to districts for the purpose of implementing, expanding or enhancing **after school programs in middle schools designed to improve math, science and technology skills** and to prepare pupils for a more rigorous high school curriculum.
 - Programs that would continue for FY 2007 at their FY 2006 funding levels include:
 - ISD Special Education Millage Equalization (Section 56) \$36.9 million;
 - Bilingual Education (Section 41) \$2.8 million;
 - Vocational Education (Section 61a) \$30 million;
 - ISD Vocational Education Millage Equalization (Section 62) \$9 million.
 - C Other categoricals that would be increased for FY 2007 include:
 - Renaissance Zone Reimbursements (Section 26a) increased by \$5.2 million to \$50.2 million;
 - School Bond Loan Fund Payments (Section 11j) increased by \$3.5 million to \$48 million;
 - Adult Education (Section 107) increased by \$4 million to \$25 million;
 - ISD General Operations (Section 81) increased by \$2.7 million to \$80.4 million.
- Other items of interest in the proposed executive recommendation include the following:
- The **Retirement Rate** (Section 147) is estimated to be 17.74% for FY 2007.
 - The pupil membership count date would change from the fourth Wednesday in September to the **fourth Wednesday after Labor Day** to accommodate the fact that school cannot start until after Labor Day in most districts.
 - New language in Section 18 would require districts and intermediate districts to post their budget and any subsequent revisions on their website in a form and manner prescribed by the Department within 30 days of the date that the board adopted the budget or revision. If the district does not maintain a website, the budget information must be posted on the corresponding intermediate school district's website.

- Language in Section 6(4)(r) that would take effect in FY 2007 requiring that pupils in **prekindergarten, developmental kindergarten** or similar programs not be counted in membership, but rather reimbursed at the actual cost of the program has been stricken from the executive recommendation.
- The funding formula for the Adult Education (Section 107) program would be weighted 75% for enrollment and attendance and 25% for meeting the course objective as opposed to the 90%/10% currently in law.

The summary provided above should not be considered a complete description of the content of the executive proposal. Also, please be advised that changes are likely as the budget makes its way through the legislative process. Additional information and details on the executive budget proposal can be found at

www.Michigan.gov/budget.

HOUSE BILL 5609 INTRODUCED

House Bill 5609 was introduced and if enacted would allocate \$3.5 million for reimbursing local and intermediate districts for costs incurred in obtaining criminal record checks required by the *Revised School Code*. For more detail go to www.Michiganlegislature.org.

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

The Office of State Aid and School Finance would like to thank district personnel for taking the time to update the 2004-2005 FID files as requested in recent correspondence. We are extremely grateful for the overwhelming and timely response to these requests. In addition to the Department, there are many users of the FID data such as the House and Senate Fiscal agencies, the Department of Management and Budget, the federal government, educational associations, and the public. Your work on these data corrections facilitates the release of the data to the various users in a timely manner. (Glenda Rader, Office of State Aid and School Finance, (517) 335-0524 or RaderG@Michigan.gov)

SHORT TERM DEDUCT IN FEBRUARY PAYMENT

Some districts have incurred school aid deducts for operating less than 1,098 instructional hours in FY 2005 as reported on form DS-4168, Report of Days and Clock Hours of Instruction. Pursuant to language in Section 101 of the State School Aid Act, a district failing to comply with the required minimum hours of instruction shall forfeit from its total state aid allocation an amount determined by applying "a ratio of the number of hours the district was in noncompliance in relation to the required minimum." The ratio is applied against the district's total adjusted state aid (FY 2005 in this case) minus any *Durant* and Adult Education Funds. For example, a district short 6 hours, with adjusted state aid of \$1,000,000, Adult Education Funds of \$100,000 and *Durant* funds of \$90,000 would incur a penalty of \$4,426 as follows:

$$((\$1,000,000 - \$100,000 - \$90,000) \times (6/1,098)) = \$4,426$$

The deduction would be prorated accordingly if the noncompliance is for only part of the district such as one grade level or one building. (Contact Joellen Wonsey, (517) 373-3352, or WonseyJ@Michigan.gov.)

UPDATED CATEGORICALS IN FEBRUARY PAYMENT

The following categoricals were updated in the February payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- C Michigan School Readiness Grants - Section 32d (Connie Robinson, School Excellence, (517) 241-4291, RobinsonConnie@Michigan.gov)
- C Vocational Education Added Cost - Section 61a(1) (Saundra Carter, Department of Labor and Economic Growth, (517) 335-0372, or CarterSE@Michigan.gov)

GENERAL INFORMATION

- C **March 15** is the deadline for **ISDs** to submit to the Center for Educational Performance and Information (CEPI) the **Audited FTE Counts** for the **September 28, 2005** pupil membership count day. (Joellen Wonsey, (517) 373-3352, WonseyJ@Michigan.gov)
 - C **February 8** was the FY 2006 Supplemental count date. The Single Record Student Database records for the Supplemental count date are due to the intermediate school district (ISD) on March 15, 2006. The ISD is to submit the records to the CEPI by March 29, 2006. The Supplemental count ISD audited FTE values are due to CEPI by July 26, 2006.
 - C The proration factor for Section 31a - At Risk funding is \$170.9860282604 per pupil.
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*Do you have questions about the information appearing in this UPDATE? Call the consultants identified above or **Dan Hanrahan, Director, State Aid & School Finance, MDE**, phone: (517) 335-0521, fax: (517) 241-0196, e-mail: HanrahanD@Michigan.gov.